

From: ronhumes@lexre.com [mailto:ronhumes@lexre.com]
Sent: Wednesday, November 02, 2005 5:44 PM
To: ATR-Real Estate Workshop
Subject: "Competition and the Real Estate Workshop" -- Comment, Project
No. V050015

Please read letter attached.

Ronald L. Humes Jr.

Owner / Principal Broker

Lexington Real Estate Services

(859) 621-1276



One Name Says It All!

November 2, 2005

TO: The Department of Justice and the Federal Trade Commission

FROM: Ronald L. Humes, Jr.

RE: Competition and the Real Estate Workshop

As an active, licensed Real Estate Broker / Realtor®, a Director on our Local Association's Board of Directors and an owner of small Real Estate Company, I would like to relay my story to the Department of Justice and the Federal Trade Commission.

I live every day in the trenches of the Real Estate industry and whole heartedly agree with the following observations:

The real estate industry is a model of competition that works. In an economy in which large, national corporations -- such as Wal-Mart and Microsoft -- dominate the marketplace, real estate stands apart. We are an industry made up predominantly of small businesses and independent contractors who represent the entrepreneurial spirit this country was founded on.

All of us serve localized markets where we compete for business every day. Fierce competition is fueled largely by the uniquely intense and personalized nature of the service we provide to our clients -- which, in turn, determines our future success through referrals and return business.

Barriers to entry are low. If you are willing to take the time to learn the business in your local market, pass the state license examination and adhere to the REALTOR® code of ethics, there is nothing to stand in the way of success in this industry. I had to learn the business and pass the state licensing examination, but it is my own work ethic, commitment to professional standards and dedication to client satisfaction that determine my success.

Even through the economic downturns our country has experienced in the past few years, our industry has continued to provide opportunity -- something I would say is confirmed by the thousands of new agents that join our profession every year and the over 2 million Americans who are now licensed to provide professional real estate services in communities across the country.

Nothing encourages a competitive business environment more than providing consumers with choice. In the residential real estate marketplace, consumers not only are able to choose from more than 76,000 brokerage firms and more than 1.2 million REALTORS®, but also from a variety of business models.

I would add that we see a tremendous amount of companies trying to take a share of our market away every day and yet I see that most of the agents in our industry do not even earn enough money from Real Estate to get them out of the poverty level. We pay an enormous amount of taxes, dues and fees and support many local businesses and individuals

Phone: (859) 252-5820 * Fax: (859) 252-5840 * www.lexre.com

in our course of business. We are also very active in our communities. I have personally built a home for the habitat for humanity, participated in a variety of fund-raising events that go to support our local programs for those in need and contribute personal funds to state police departments, fire departments, cancer research, needy children, churches and more. It is not easy to earn a living or raise a family in the Real Estate industry for most Brokers and Agents; however, I think the general public has a perception of our industry that has been twisted by the media and by a privileged few that have achieved great financial success. Those people, like many in their situation, typically come from money and have capitalized on opportunities that their funds allotted them. Why would 80% of the people that get into Real Estate drop out within the first 6 months if it were easy and non-competitive?

In addition, I would agree that we, as an industry, are very open and forthright with the information that we have accumulated on our MLS's and websites. In fact, I would like to see the same amount of sharing in other industries and state and federal government websites. Typically, you would have to pay to get the level of detail that we offer to the public free of charge with our MLS's. I also agree with the following:

The MLS is a cooperative, broker-to-broker offer of cooperation and compensation that help both brokers and customers buy and sell homes. It is not a public utility, nor should it be.

The beauty of the MLS is that it allows real estate brokerages of every size to compete on a level playing field. It gives all of us access to an inventory of property listings that we are able to show and sell to our clients.

The MLS doesn't discriminate. All MLS members are treated equally, regardless of their size or their business model, and yet the rights of property owners and their listing brokers are respected. The rules of the MLS achieve a delicate balance between respecting the rights of listing brokers so they will continue to be willing to contribute their inventory of listings and permitting cooperating brokers the ability to show those listings and be assured of receiving compensation if they bring about a successful sale.

I have worked in the Environmental Consulting industry, have college degrees in Chemistry and Mathematics and have managed other businesses. I would not agree that Real Estate is an easy industry to achieve success in and have seen a higher failure rate in this industry than in others. I do; however, enjoy my job and take a great deal of pride in doing my job well. I continue to obtain higher levels of education and knowledge in my discipline and intend to continue in this industry as long as I can earn a living doing so.

I may be reached for questions and / or comments.

Sincerely,

Ronald L. Humes, Jr.
Owner / Principal Broker
Lexington Real Estate Services
(859) 621-1276